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SUBJECT: ADB's NGO PROJECT GETTING HIGH MARKS IN JIANGXI

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SUMMARY

1. (SBU) The Asian Development Bank (ADB) and its Chinese Government partners launched the second phase of the NGO-Government Partnerships in Village-Level Poverty Alleviation project on January 19. The pilot project, based in Jiangxi Province, was inaugurated in December 2005 (see reftel). Government and non-government actors in Jiangxi said that they initially faced some resistance from local officials, but the second phase should be easier to implement. ADB Vice-President Lawrence Greenwood attended the January 19 ceremony, and ADB officials in Beijing are optimistic that the success of the pilot project to date offers an opportunity for NGOs to play a greater role in Chinese civil society. END SUMMARY.

TRAVEL TO JIANGXI

2. (SBU) Econoff and Econ Assistant traveled to Jiangxi Province February 5-7. Emboffs met in Nanchang, the provincial capital, with the Director General of the Jiangxi Poverty Alleviation and Development Office and with officials from a Jiangxi-based NGO that is involved in the ADB-supported project. Econoff previously met in Beijing with officials at the ADB Resident Mission and China Fund for Poverty Alleviation and also attended the January 2007 and December 2005 forums on the project.

NGO Poverty Alleviation Project Moving Forward

3. (U) The Asian Development Bank (ADB), Leading Group on Poverty Alleviation and Development (LGOP), Ministry of Finance (MOF), Jiangxi Poverty Alleviation and Development Office (JPADO), China Fund for Poverty Alleviation (CFPA), the United Kingdom Department for International Development (DFID), and RGM International co-hosted the National Interim Policy Forum on NGO-Government Partnerships in Village-Level Poverty Alleviation in Beijing on January 19. During the event, the ADB and its partners launched the second round of a selection process for NGOs to receive government funding to carry out poverty alleviation projects in Jiangxi Province. This second phase follows the successful conclusion of the first year of the project, which included the participation of five Chinese NGOs and one international NGO (Heifer Project International) in 22 poor villages in three counties in Jiangxi Province.

4. (SBU) According to Liu Dongwen at CFPA, the Chinese Government will channel up to USD 1.6 million in funding through JPADO to NGOs to conduct poverty alleviation work in Jiangxi through late 2007. The ADB will provide USD 1 million in technical assistance to support the project.

15. (SBU) Zhang Zhihao, Director General, JPADO, was enthusiastic about the project's results to date. Zhang told Econoff that the project is now running smoothly despite some early obstacles, and the project's success proves that the government is willing to cooperate with NGOs to alleviate poverty. Zhang emphasized that the key to the project's success is that the NGOs promote a participatory approach to development, asking poor farmers how they want to utilize available resources. Zhang said that this approach challenges conventional thinking in China, resulting in some resistance at the local government level, but he hopes the participation of farmers in poverty alleviation will both promote a more democratic system in rural areas and improve the quality of Jiangxi's farmers.

16. (SBU) Representatives from Shanjianghu, a Nanchang-based NGO involved in the project, agreed with Zhang that county and village officials resisted the project at first. Local government officials were especially concerned about being replaced by NGOs as the primary providers of social services, they said. The second phase of the project will be easier, however, because the NGOs' participatory approach has also co-opted local officials, who now are encouraging county and village officials in the new target locations to give the project a chance. As NGOs become more widely accepted in Jiangxi, local governments will recognize that they are capable of work in other areas in addition to poverty alleviation, they added.

ADB Optimistic about NGOs' Role in Development

17. (SBU) With a relatively small investment of USD 1 million, the

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ADB, in cooperation with DFID, has identified an area in China's social sector where donors can offer technical assistance. Chris Spohr, a Social Sector Economist at the ADB Resident Mission in Beijing, told Econoff that ADB also is pleased with the results of the project to date. Lawrence Greenwood, ADB's Vice President, attended the January 19 event, lending high-level ADB support to the project. Just over one year after the project's launch, ADB officials are optimistic about the future role of NGOs in economic development. Min Tang, ADB Deputy Country Director and Chief Economist, told Econoff that the Government-NGO partnerships in Jiangxi is the first time the Chinese Government has provided funding to outsource its work to NGOs, which ADB believes is a positive step forward for civil society in China.

Comment: Better Than We Thought?

18. (SBU) Reftel expressed uncertainty about the impact of the ADB's NGO-Government Partnerships in Village-level Poverty Alleviation on civil society in Jiangxi, but one year later, all project stakeholders (including the provincial and local governments) appear to agree that NGOs' contributions during the first phase were positive. We note that the project's success is unexpected given that NGOs throughout China still are facing increased government scrutiny for political reasons, and some donors in the country are preparing to close or scale back their programs as China graduates from the need for foreign assistance. As with other pilot projects in China, however, it is unclear if this project will be replicated on a national level.

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